

ANNUAL REPORT
OF
THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO

1939









GOODYEAR FACTORIES

In order to insure maximum efficiency of production, Goodyear has three strategically located, modern factories. At St. Hyacinthe, the Goodyear Cotton Mills controls the quality of the fabric used in Goodyear products, ensuring, thereby, that rigid Goodyear specifications are followed to the letter. At Bowmanville, plant facilities are devoted to the production of Mechanical Goods Products, while at New Toronto, tire production is concentrated.



NEW TORONTO, Ontario
Head office and plant,
where automobile and truck
tires, accessories and cement
are manufactured. Floor
space 18.5 acres.

BOWMANVILLE, Ontario
Mechanical Goods plant,
where belting, hose, soles,
heels, mats and moulded
goods are manufactured.
Floor space 6.4 acres.



ST. HYACINTHE, Quebec
Cotton Mill, where the famous
"Supertwist Cord" used ex-
clusively in Goodyear Tires
is manufactured. Floor space
9.1 acres.



GOODYEARS ANSWER THE CALL

● Success in today's battles depends more and more on the strategy of manoeuvre. To have the right numbers and the proper kind of equipment at the right place at the right time is militaristically axiomatic.

Rubber tires are important to this axiom. The modern army moves on wheels . . . rubber tired ones. Men, guns, supplies must be rushed to vital positions with utmost speed and care. Rubber tires take the shock of, and allow the equipment to stand up under, the severest punishment of shell-torn roads and bumpy cross-country.

Already many Goodyear tires have enlisted for such service. Many more will do so.

However, Goodyear's war effort is not confined solely to the battle front. Goodyear fights on the home front, too . . . by keeping its vast army of dealers supplied with the best products . . . by ever helping them to become bigger and better merchants. Thus Goodyear aids them to do their bit in keeping their part of the economic structure strong and secure.

Such tactics will ensure that the end of the war will find Goodyear dealerships vibrantly thriving and ready to go forward with Peace.

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1939

NEW TORONTO, ONTARIO

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE
TORONTO

P. A. THOMSON
MONTREAL

C. H. CARLISLE
TORONTO

C. A. STILLMAN
AKRON

J. E. McALLISTER
TORONTO

E. J. THOMAS
AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE

President

P. A. THOMSON
Vice-President

R. C. BERKINSHAW
General Manager
and Treasurer

O. H. BARRETT
Secretary
and General Counsel

D. C. CARLISLE
Comptroller

J. W. PHILP
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

K. E. KENNEDY

Assistant Secretary

R. W. RICHARDS
General Sales Manager

E. H. KOKEN
General Superintendent

ANNUAL REPORT OF THE DIRECTORS

of

The Goodyear Tire & Rubber Company
of Canada, Limited

New Toronto, February 12th, 1940.

TO THE SHAREHOLDERS—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31st, 1939 and the present financial position of the combined companies.

The operations of the combined companies for the year have resulted in a profit of \$2,204,249.54 after charging all manufacturing, selling and administrative expenses, income and other taxes, but before providing for depreciation; from this amount there has been set aside a reserve of \$551,747.41 for depreciation of buildings and equipment, leaving a net profit of \$1,652,502.13.

A comparison of the operations for 1939 with those of 1938 shows that although there was an increase in sales for the year just ended, the profits were less than in 1938 by \$576,376.72 and that this was chiefly due to the favorable effect of the low market price basis of the commencing inventories in 1938 upon the showing of profits for that year.

The net earnings for the year were equivalent to \$5.25 a share on the 257,260 shares of Common stock outstanding as compared with \$7.49 a share in 1938; \$4.14 per share in 1937 and \$4.73 per share in 1936.

The market prices of rubber strengthened during the year and due to speculative demand the spot price of No. 1 Ribbed Smoked Sheets in New York rose to a high of 24½¢ per pound in September, in comparison with the low price for the year of 15¼¢ per pound in January and the closing spot price of 19¼¢ per pound on December 29th. The market price of 7/8 Middling Uplands showed a spread of approximately 3¢ per pound between the high and the low prices for 1939; the low price was 8.63¢ per pound in April, the high was 11.66¢ per pound in December and the closing market price on December 29th was 11.36¢ per pound.

The customary annual review was made of the stocks of raw materials, work in process and finished goods on hand which are stated in the Balance Sheet on the usual basis of cost or market, whichever was lower.

As in former years, the profits as shown by this Annual Report, include the profits on the export business for the previous fiscal year of 1938, but on the other hand, they do not include the accrued profits on export business for 1939, which have not yet been determined.

The following summary sets out the manner in which the profits for the year have been applied—

Funds provided from profits

| | |
|--|-----------------------|
| Consolidated net profits for the year..... | \$1,652,502.13 |
| Add—Provision for depreciation..... | 551,747.41 |
| Profits before providing for depreciation..... | <u>\$2,204,249.54</u> |

Disposition of Funds

| | | |
|--|---------------|-----------------------|
| Dividends on 5% Preferred stock..... | \$ 299,830.63 | |
| Dividends on Common stock..... | 1,286,300.00 | |
| | | <u>\$1,586,130.63</u> |
| Redemption of 271 Preferred shares having a par value of \$50.00 each..... | | 13,550.00 |
| Increase in Preferred stock redemption fund..... | | 46,607.08 |
| Expended for additions to plant and equipment (net)..... | | 541,852.85 |
| Net increase in other assets less liabilities..... | | <u>16,108.98</u> |
| Total as above..... | | <u>\$2,204,249.54</u> |

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment and to meet all probable losses in the realization of Accounts Receivable. Provision has also been made for all ascertained liabilities.

A review of the Consolidated Balance Sheet will disclose the strong financial position of the Company, particularly from the standpoint of working capital which amounted to \$8,940,796.72 at December 31st, 1939. The companies had no bank indebtedness and the cash on hand and call loans and Government Bonds aggregated \$3,324,281.72; the cash balances alone amounted to \$1,445,178.90 exceeding by \$312,876.29 all current liabilities of \$489,152.61 and the dividend of \$643,150.00 payable on the Common stock, which was provided for in the Balance Sheet although not paid out until January 22nd, 1940. The financial position thus summarized is after paying or providing for dividends aggregating \$1,586,130.63, represented by 5% or \$299,830.63 on the Preferred stock and the usual dividends aggregating \$2.50 per share on 257,260 shares of Common stock amounting to \$643,150.00 plus the extra dividend of \$2.50 per share amounting to \$643,150.00, a total of \$1,286,300.00.

The total current assets amount to \$10,073,099.33 compared with current liabilities of \$1,132,302.61, including the dividend payable on the Common stock.

The total amount of all taxes paid or to be paid by or through your companies and applicable to the year 1939 amounted to \$1,291,563.80 in comparison with \$1,256,076.74 in 1938.

During the past year your Company has made a considerable number of improvements to its plant equipment at New Toronto and Bowmanville, with a view to extending the Company's productive facilities and effecting economies in its operations.

The use of pneumatic tire equipment on farm implements and tractors is developing at a rapid rate and making mechanized farm equipment possible on a steadily increasing number of farms. The use of such equipment will contribute greatly towards bringing the living conditions of industrial and agricultural workers into better balance, as it will tend to give the farmer advantages in lowering the cost of his production. By assisting in the development of this market, your Company is making its contribution towards this end.

There has been a considerable increase in the demand for Lifeguards, your Company's further contribution towards safer driving conditions. Other new developments such as Pliofilm and Airfoam are being accorded unusual public favor. The extraordinary cushioning properties of Airfoam have caused it to be adopted for use by some important automobile companies in the construction of seats for passenger cars and trucks and there is a rapidly growing demand for it for use in mattresses and seats for railroad coaches, buses, steamships, hospitals and furniture.

The incidence of the war has brought many new and unusual problems, particularly the one of increased cost of raw materials and operation as well as the prospect of increased taxation. This makes it difficult to submit any accurate forecast of prospects for 1940. However, the strong financial position of the Company should enable us to adequately meet these problems and contribute in no small measure towards the great task which lies before us all of forwarding the winning of the war.

Your Board wishes to record its appreciation of the loyalty, cooperation and effort of the personnel of the organization which has made possible the satisfactory results of the year's operations.

The cooperation of our shareholders has been continued and is much appreciated.

A. G. PARTRIDGE,
President.

On behalf of the Board.

THE GOODYEAR TIRE & RUBBER

and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

A S S E T S

CURRENT AND WORKING ASSETS:

| | | |
|---|----------------|----------------|
| Cash | \$1,445,178.90 | |
| Call loans and Government bonds at cost or market whichever is lower | 1,879,102.82 | \$3,324,281.72 |

| | | |
|---|----------------|--------------|
| Accounts receivable | \$2,178,836.63 | |
| Less—Reserve for bad and doubtful accounts | 246,225.75 | 1,932,610.88 |

Inventories at cost or market, whichever is lower:

| | | |
|----------------------------|----------------|--------------|
| Finished goods | \$1,971,235.50 | |
| Goods in process | 378,726.58 | |
| Raw materials and supplies | 2,466,244.65 | 4,816,206.73 |

\$10,073,099.33

INVESTMENTS:

| | | |
|---------------------------------|---------------|------------|
| Stocks, bonds and mortgages | \$ 240,313.30 | |
| Preferred stock redemption fund | 193,607.08 | 433,920.38 |

LAND, BUILDINGS, MACHINERY AND EQUIPMENT:

13,243,447.96

DEFERRED CHARGES TO OPERATIONS:

| | |
|--------------------------------------|-----------|
| Prepaid insurance and other expenses | 78,161.68 |
|--------------------------------------|-----------|

\$23,828,629.35

COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31, 1939

LIABILITIES

CURRENT LIABILITIES:

| | | |
|--|---------------|-----------------|
| Current accounts payable | \$ 111,392.12 | |
| Reserve for income and other taxes | 377,760.49 | |
| Dividend on Common Stock, payable on or before January 31, 1940 | 643,150.00 | |
| | | \$ 1,132,302.61 |

RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT:

8,243,537.88

CAPITAL STOCK:

Five percent Cumulative Redeemable Preferred Stock:

Authorized—

160,000 shares of \$50.00 each \$ 8,000,000.00

Issued and fully paid—

120,000 shares of \$50.00 each \$ 6,000,000.00

Less—Redeemed 271 shares of \$50.00 each 13,550.00

5,986,450.00

Common Stock:

Authorized—

290,660 shares of no par value of which 257,260
shares have been issued

\$ 128,630.00

Capital surplus

463,068.00

591,698.00

SURPLUS:

Balance as at January 1, 1939

\$ 7,808,269.36

Profit for the year ending December
31, 1939, before providing for
depreciation, but after deducting
income tax

\$2,204,249.54

Less—Reserve for depreciation

551,747.41

1,652,502.13

\$9,460,771.49

Deduct—Dividends:

On five percent Preferred Stock \$ 299,830.63

On no par value Common Stock 1,286,300.00

1,586,130.63

7,874,640.86

\$23,828,629.35

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

January 30, 1940.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have made an examination of the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1939. In connection therewith, we examined or tested accounting records and other supporting evidence, and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We satisfied ourselves that all charges to property accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand or contracted for have been taken and valued by the companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, the government bonds owned were produced for our inspection and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1939 are included in the balance sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1939, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

A black and white photograph of a man and a woman sitting together, looking at a large open book, likely a car catalog. The woman is on the left, wearing a dark dress with puffed sleeves, and the man is on the right, wearing a suit and tie. They are both smiling and looking at the book. The background is a simple, light-colored wall.

*"Let's get a
new car"*


*"...and let's get it
on Goodyears!"*

Long a monument to Goodyear product superiority has been the fact that "More New Cars Ride on Goodyear Tires Than On Any Other Kind."

Public preference for Goodyears has played its part too, in the building up of this car manufacturers' preference. Many people insist that the car salesman write the words "Goodyear Tires Sure" on the new car order to the factory.

Keyed to the theme of getting more and still more people to insist on this same "golden phrase" is a powerful sales promotional campaign which suggests to prospective new car buyers that they specify Goodyears when they buy. Car dealers also are shown the goodwill value of having their customers ride away on Goodyear tires.

You can assist in maintaining Goodyear's public preference by specifying Goodyears on your own new car—and recommending our product to your friends.

A close-up, black and white photograph of a Goodyear tire, showing the tread pattern and the Goodyear logo on the sidewall.

MORE PEOPLE RIDE ON
GOODYEAR TIRES THAN
ON ANY OTHER KIND.

GOOD YEAR

U N L I S T E D



The Goodyear Veterans' Club on parade



(Above) Employees' children, "on the mark" at the Annual Goodyear picnic, largest single industrial picnic in Canada.



Goodyear employees and their families at an Annual Christmas Party



(Right) A Christmas gathering at a Goodyear dealer's, typifying the spread of the "Goodyear Spirit" to the retail organization

A S S E T S . .



In your company, there are certain very vital assets that do not show up in the cold figures on the balance sheet. Chief among these is a harmonious employer-employee relationship, fostered on the one hand by a management with a sense of responsibility for the well-being of the employees—enhanced on the other hand by the loyalty of workers who take pride in their contributions to the good name of the company and its products.

We, of the company, refer to this priceless ingredient as "The Goodyear Spirit." This spirit becomes something tangible in the wholehearted participation of employees in the company-fostered Pension Plan, Group Insurance Program, and hospital facilities . . . in the activities of the Goodyear Recreation Club, with its Annual Picnic, Annual Christmas Party, and its other events such as sports, dances, and social evenings. It is seen in the Goodyear Veteran's Club . . . in the Goodyear Hockey Teams . . . in the friendly competition among departments and plants for the best safety records.

Running like a golden thread through this whole pattern is the mutual pride of all Goodyearites in employee service records. Each month sees little gatherings through the workshops and offices to witness the presentation to some employee of a five, ten, or twenty-year service pin . . . with the highest peak of enthusiasm being reached at the Annual Service Pin Dinner, when employees with twenty-five years of service receive their twenty-five year pins.

Depicted across the top of these pages are thirteen employees, who, in 1939, were the honoured guests of the company at the Annual Service Pin Dinner, and who received their twenty-five year pins from the President while some three hundred fellow long service workers, together with company officers, looked on and applauded. Shown at the left are a few random pictures of other Goodyear activities.

We believe that these things typify the Goodyear spirit and contribute much to the success of your company. Truly, we have many "Unlisted Assets."

If it runs on wheels . . . or if *GOODYEAR MAKES A PRODUCT*

Under the all-inclusive term, "Mechanical Goods," Goodyear makes a wide variety of products for industrial use.

In Canada and in foreign lands, mines, mills, elevators, and industrial concerns know the efficiency of Goodyear transmission belts for running everything from the lightest to the heaviest machinery . . . they employ Goodyear conveyor belts to transport products that range from ore to fruit . . . they rely on Goodyear hose to carry a great variety of liquids as well as compressed air and steam.

This is a highly specialized field, and Goodyear rubber goods are designed specifically for the individual jobs they have to do.

Goodyear's Mechanical Goods Division also produces many other items, including such things as rubber horse shoes, washing machine rollers, mats of every description, moulded goods, fan belts, radiator hose and garden hose.

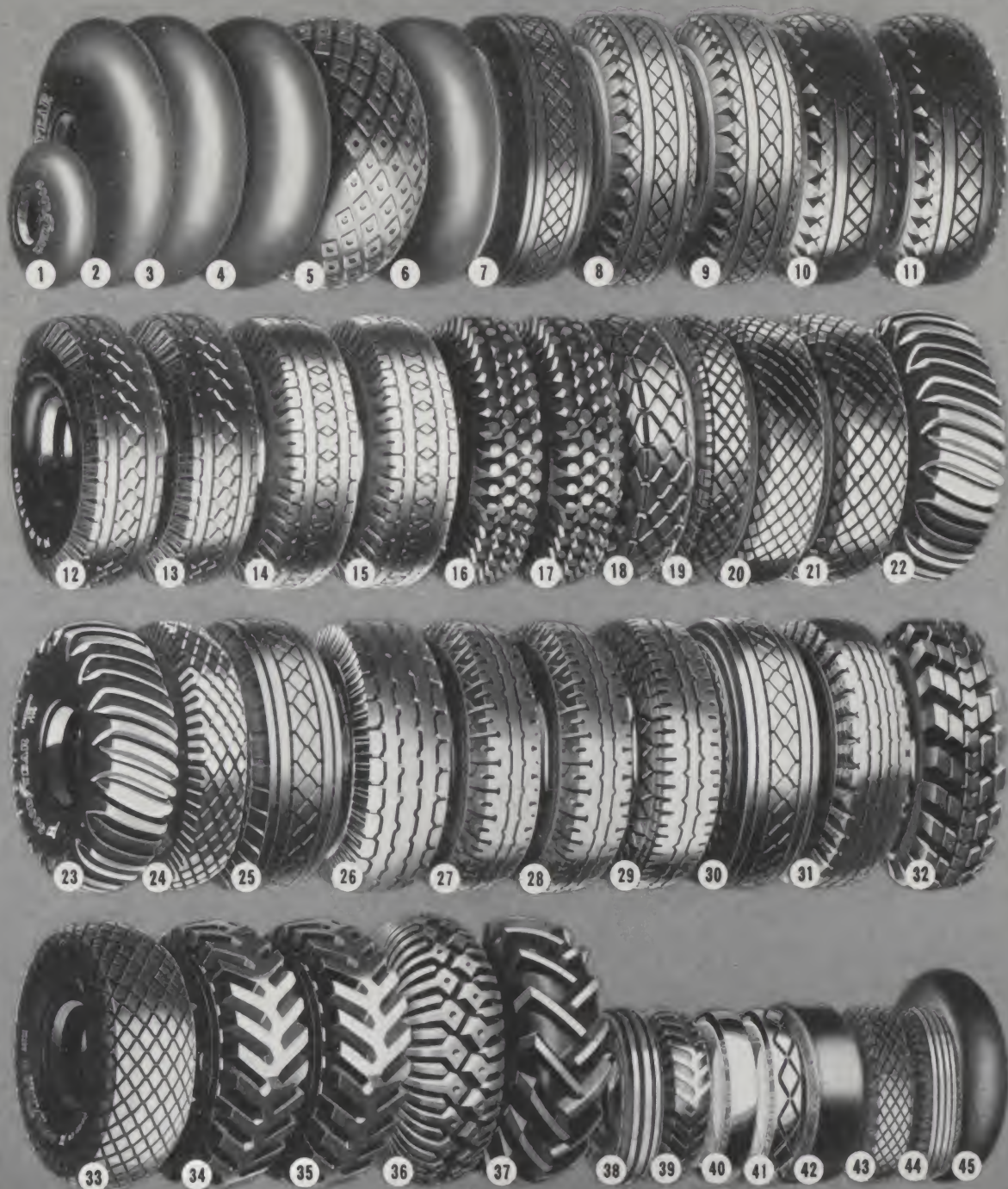


A NEW ADDITION

A new Goodyear development is Airfoam, a cellular latex product made by exclusive Goodyear processes, and finding wide popularity for use in car upholstery, fine furniture, mattresses, etc.

1. Tailwheel Airplane
2. Streamline Type Airplane
3. Smooth Contour Type Airplane
4. Medium Pressure Airplane
5. Airplane Tire (Airwheel)
6. High-Pressure Airplane
7. Double Eagle Automobile
8. DeLuxe All-Weather G-100 4-ply
9. DeLuxe All-Weather G-100 6-ply
10. G-3 All-Weather 4-ply
11. G-3 All-Weather 6-ply
12. Marathon 4-ply Automobile
13. Marathon 6-ply Automobile
14. Pathfinder 4-ply Automobile
15. Pathfinder 6-ply Automobile
16. Studded 4-ply Automobile
17. Studded 6-ply Automobile
18. All-Weather Tread Motorcycle
19. All-Service Motorcycle Tire
20. All-Weather Tread H.D. High Pressure Truck-Bus
21. All-Weather Tread H.D. Balloon Truck-Bus
22. Lug type H.D. High Pressure Truck-Bus
23. Lug type H.D. Balloon Truck-Bus
24. Dump Truck All-Weather
25. Hi-Miler Truck-Bus
26. Marathon Truck-Bus
27. R-1 Truck-Bus High Pressure
28. R-1 Truck-Bus Balloon
29. Stop-Start Truck-Bus
30. YKL Truck-Bus
31. Truck Airwheel
32. Studded Sure-Grip Truck
33. All-Weather Earth-Mover
34. Sure-Grip Tractor-Grader Balloon
35. Sure-Grip Tractor-Grader Low Pressure
36. All-Traction Farm Tractor Tire
37. Sure-Grip Farm Tractor Tire
38. Rib Tread Farm Tractor Tire
39. Sure-Grip Farm Implement Tire
40. Smooth Tread Industrial Solid
41. All-Weather Tread Industrial Solid
42. Moulded-on Industrial Solid
43. All-Weather Tread Industrial Pneumatic
44. Rib Wheelbarrow Tire
45. The LifeGuard

here are wheels to run...
ET DESIGNED FOR THE JOB



The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

| | |
|------------------|--------------------------------|
| ST. JOHN, N.B. | 83 Prince William St. |
| QUEBEC, QUE. | Cor. Crown and Fleury Sts. |
| MONTREAL, QUE. | 679 St. James St. W. |
| TORONTO, ONT. | 204 Richmond St. W. |
| LONDON, ONT. | 539 Richmond St. |
| WINDSOR, ONT. | 444 Hanna St. E. |
| WINNIPEG, MAN. | 97 Higgins Ave. |
| REGINA, SASK. | Cor. Broad St. and 6th Ave. |
| SASKATOON, SASK. | Cor. 24th St. and Pacific Ave. |
| CALGARY, ALTA. | 537—8th Ave. West |
| VANCOUVER, B.C. | Cor. Nelson and Hamilton Sts. |

WHOLESALE DISTRIBUTORS

| | | |
|-----------------|--|------------------------------|
| Sydney, N. S. | Cape Breton Battery & Vulcanizing Co. Ltd. | 416 George St. |
| Halifax, N. S. | Maritime Accessories Limited | Sackville and South Park Sts |
| Victoria, B. C. | B. R. Ciceri & Co. | 847 Yates St. |

WHOLESALE WAREHOUSES

| | | |
|-------------------------|---------------------------------|----------------------------|
| Truro, N. S. | Colchester Motor Sales | Willow Street |
| Yarmouth, N. S. | Motor Mart Ltd. | Main Street |
| Charlottetown, P. E. I. | A. Horne & Co. (Central Garage) | Kent Street |
| Moncton, N. B. | Sumner Tire Service | 635 Main Street |
| Ottawa, Ont. | Frisby The Vulcanizer | 86 Lyon Street |
| Kingston, Ont. | Van Luven Bros. Ltd. | 34-38 Princess Street |
| Owen Sound, Ont. | Albert Jackman | 179—2nd Avenue E. |
| North Bay, Ont. | White's Tire Shop, Limited | 99 Main Street E. |
| Noranda, Que. | Taylor Hardware (Quebec) Ltd. | D—Avenue |
| Timmins, Ont. | Marshall-Ecclestone Ltd. | 16 Pine Street S. |
| Hamilton, Ont. | A. F. Dell | 43 Main Street E. |
| Kitchener, Ont. | Mel. Berg | 324 King Street E. |
| Chatham, Ont. | Chatham Tire & Electric Limited | 42—Fourth Street |
| Port Arthur, Ont. | John A. Nicholson | 271 Bay Street |
| Brandon Man. | Kerr's | Cor. 12th & Princess Sts. |
| Yorkton, Sask. | Ted's Tire Shop | 44 Broadway E. |
| North Battleford, Sask. | Northern Auto Parts | 1202 Edward Street |
| Prince Albert, Sask. | Grosser & Glass Ltd. | 29-31 Twelfth St. W. |
| Swift Current, Sask. | Standard Motors Ltd. | Cheadle and 1st Street, W. |
| Edmonton, Alta. | Taylor & Pearson Ltd. | 10215—103rd Street |
| Grand Prairie, Alta. | Grande Prairie Garage Co. Ltd. | Second Street |
| Lethbridge, Alta. | H. R. Carson Co. Ltd. | 316—7th Street S. |
| Nelson, B. C. | Nelson Transfer Co. Ltd. | 323 Vernon Street |
| Vernon, B. C. | Interior Motors Ltd. | Cor. Wetham & Tronson Sts. |







GOODYEAR